

Message Text

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UNCLAS ISTANBUL 3818

E.O. 11652: N/A

TAGS: ETRD, BEXP, TU

SUBJECT: TRADE OPPORTUNITY: TIRE & TUBE PROJECT/LICENSING AND
KNOW-HOW ARRANGEMENT

REF: A. STATE 228204, B. ANKARA 9146, C. ANKARA 9158

1. IN ADDITION TO THREE TURKISH FIRMS MENTIONED REF B THAT HAVE OBTAINED INVESTMENT INCENTIVE LICENSES FROM GOT, THREE ARE REPORTEDLY SEVERAL OTHER TURKISH COMPANIES INTERESTED IN TIRE PROJECT INCLUDING GENOTO COMPANY WITH WHOM FIRESTONE OFFICIALS TALKED DURING SEPTEMBER VISIT TO TURKEY. OF THE THREE PROJECTS THAT HAVE OBTAINED INVESTMENT INCENTIVES ONLY ONE IS BELIEVED TO HAVE FOREIGN LICENSING AND KNOW-HOW AGREEMENT. UNIROYAL WHICH ALREADY HAS JOINT VENTURE IN TIRE FACTORY WITH KOC HOLDING (FOR WHICH IT OBTAINED GOT APPROVAL IN MARCH 1973 TO DOUBLE CAPACITY) WOULD JOIN WITH KOC TO PRODUCE FISK BRAND TIRES. THE LASSA TIRE PROJECT OF HACI OMER HOLDING IS SAID TO HAVE JAPANESE BRIDGESTONE TECHNICAL ASSISTANCE AND KNOW-HOW, BUT TRADE SOURCES INDICATE AGREEMENT NOT YET REACHED. BOTH FIRESTONE AND GENERAL TIRE REPRESENTATIVES HAVE RECENTLY MADE TRIPS TO TURKEY TO EXPLORE POSSIBILITIES.

2. IT IS GENERALLY BELIEVED THAT TURKISH GOVERNMENT WILL APPROVE ONLY ONE OF TIRE PROPOSALS, AT LEAST FOR TIME BEING, AND THAT DECIDING ELEMENT IN NEXT STAGE GOT CONSIDERATION OF PROJECT WILL BE FOREIGN PARTNERS' TERMS FOR LICENSING AND KNOW-HOW AGREEMENT WHICH MUST BE APPROVED BY MINISTRY OF FINANCE AND SPO.

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3. KOC HOLDING, WHICH TOGETHER WITH HACI OMER HOLDING ARE TWO OF LARGEST AND MOST SUCCESSFUL TURKISH INDUSTRIAL ENTERPRISES, HAS ANNOUNCED IT WILL RETAIN ONLY 26 PER CENT OF SHARES IN PROPOSED VENTURE WITH THE REMAINDER OFFERED FOR PUBLIC SALE. THE LASKAY KAYSERI PROJECT REPORTEDLY HAS BEEN DEVELOPED BY A GROUP OF KAYSERI ENTREPRENEURS WITH THE PROSPECTIVE PARTNERSHIP OF THE ARMY MUTUAL ASSISTANCE FUND (OYAK), THE TURKISH GOVERNMENT'S PETRO-CHEMICAL INDUSTRIES CORP. (PETKIM) TOGETHER WITH TURKISH PATRIATE WORKERS' SAVINGS. TRADE SOURCES INDICATE LASKAY GROUP AT PRESENT LACKS MANAGEMENT KNOW-HOW.

4. IN DISCUSSIONS WITH US FIRMS, DEPARTMENT AND USDOC MAY WISH TO DRAW ON ANKARA 4380 OF JUNE 1, AND ISTANBUL 869 OF JUNE 5, 1973 WHICH SUMMARIZE EXISTING LEGAL FRAMEWORK AND GOT PRACTICE WITH RESPECT TO LICENSING AGREEMENTS.
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